

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4894-01
Bill No.: SB 894
Subject: Insurance - General; State Employees
Type: Original
Date: February 10, 2010

Bill Summary: Requires state employee health care plan to offer actuarially equivalent benefit products to Medicare eligible participants rather than provide such benefits.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| General Revenue | Unknown exceeding \$643,000 | Unknown exceeding \$1,286,000 | Unknown exceeding \$1,286,000 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | Unknown exceeding \$643,000 | Unknown exceeding \$1,286,000 | Unknown exceeding \$1,286,000 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Other | Unknown exceeding \$130,000 | Unknown exceeding \$260,000 | Unknown exceeding \$260,000 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | Unknown exceeding \$130,000 | Unknown exceeding \$260,000 | Unknown exceeding \$260,000 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Federal | Unknown exceeding \$227,000 | Unknown exceeding \$454,000 | Unknown exceeding \$454,000 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | Unknown exceeding \$227,000 | Unknown exceeding \$454,000 | Unknown exceeding \$454,000 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal provides the HCP with greater flexibility in designing Medicare retiree health insurance plans and access to more federal funds through Medicare's low income subsidy program. The HCP anticipates this legislation will provide a minimum annual savings of \$2-\$3 million.

Oversight assumes changes in the design of retiree health insurance plans would not be effective until January 1, 2011.

| <u>FISCAL IMPACT - State Government</u> | FY 2011 (6 Mo.) | FY 2012 | FY 2013 |
|---|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Savings - HCP</u> | | | |
| Reduction in cost of retiree health insurance plans | <u>Unknown</u> <u>exceeding</u> <u>\$643,000</u> | <u>Unknown</u> <u>exceeding</u> <u>\$1,286,000</u> | <u>Unknown</u> <u>exceeding</u> <u>\$1,286,000</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>Unknown</u> <u>exceeding</u> <u>\$643,000</u> | <u>Unknown</u> <u>exceeding</u> <u>\$1,286,000</u> | <u>Unknown</u> <u>exceeding</u> <u>\$1,286,000</u> |

FISCAL IMPACT - State Government

FY 2011
(6 Mo.)

FY 2012

FY 2013

OTHER STATE FUND

Savings - HCP

Reduction in cost of retiree health insurance plans

Unknown
exceeding
\$130,000

Unknown
exceeding
\$260,000

Unknown
exceeding
\$260,000

**ESTIMATED NET EFFECT ON
OTHER STATE FUNDS**

Unknown
exceeding
\$130,000

Unknown
exceeding
\$260,000

Unknown
exceeding
\$260,000

FEDERAL FUNDS

Savings - HCP

Reduction in cost of retiree health insurance plans

Unknown
exceeding
\$227,000

Unknown
exceeding
\$454,000

Unknown
exceeding
\$454,000

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

Unknown
exceeding
\$227,000

Unknown
exceeding
\$454,000

Unknown
exceeding
\$454,000

FISCAL IMPACT - Local Government

FY 2011
(6 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

HWC:LR:OD

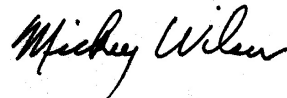
FISCAL DESCRIPTION

Under this proposal, Missouri Consolidated Health Care Plan participants who are eligible for Medicare benefits and who are not eligible for their state employee health care coverage to be their primary plan of coverage shall be offered actuarially equivalent benefit products provided participants who are not eligible for Medicare benefits. Under current law, a participant in the state employee health care plan who is eligible for Medicare, and whose state employee coverage is not primary, must be provided the same benefits provided to participants who are not eligible for Medicare benefits.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



Mickey Wilson, CPA
Director
February 10, 2010